



Special Notice

For a detailed breakdown of the statewide sales and use tax rate, [click here](#).

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Statewide Sales and Use Tax Rate Will Decrease $\frac{1}{4}\%$ January 1, 2001

On January 1, 2001, the minimum combined state, county, and local sales and use tax rate will decrease from 7.25 percent to 7 percent. As explained below, the rate will be higher in cities and counties that have special tax districts. - Editor

Why is the tax rate decreasing?

The decrease is the result of 1991 legislation that requires a one-quarter percent reduction if the state reserves exceed four percent of general fund revenues for the prior fiscal year and are estimated to do so for the current year. California's 1999-2000 year ended with a reserve of 10.1 percent of general fund revenues and the California Department of Finance anticipates that the reserve in 2000-2001 will also exceed four percent of general fund revenues.

Will the rate go back up?

The same 1991 legislation requires that the one-quarter percent tax be reimposed the year following any November 1 that reserves are again estimated to fall below 4 percent of general fund revenues. The expected reserves for 2001-2002 will be announced by November 1, 2001. We will notify you at that time if the statewide tax rate will increase in 2002.

Is 7 percent the maximum rate I should charge my customer?

Not necessarily. The sales and use tax rate is higher in cities and counties that have special tax districts, such as library and transportation tax districts. If you are engaged in business in a special tax district, your sales are subject to a total sales tax rate of 7 percent plus the applicable district tax rate. See the table on the back of this notice for the combined statewide and district tax rates that apply to cities and counties in California as of January 1, 2001.

What if I collect sales tax reimbursement at the old tax rate on sales that occur on or after January 1, 2001?

If you collect sales tax reimbursement or use tax on the inoperative one-quarter percent tax on or after January 1, 2001, you must return the amount of tax collected to your customers or forward it to the state.

What if I have a contract that specifies a tax rate in effect before the January 1, 2001, decrease?

Fixed-price contracts and taxable lease agreements entered into prior to January 1, 2001, are subject to the new lower rate for sales actually occurring on or after January 1, 2001 — even if the contract specifies a higher rate.

How do I adjust my 2001 sales and use tax returns for items like bad debt losses and returned merchandise when the original sale occurred before January 1, 2001?

You will complete and return an adjustment worksheet that will be provided with your return if you are reporting transactions that occurred during a period when the tax rate was different than the one in effect for the return you are completing. You can use the worksheet to compute the adjusted amounts for bad debt losses, returned merchandise, cost of tax-paid purchases resold prior to use, cash discounts, and the manufacturer's and teleproduction equipment exemptions.

Are tax rate charts available for the new tax rates?

Yes. You can call 1-800-400-7115 to request copies or you can download copies from our website www.boe.ca.gov/streimsched.htm.

Manufacturing / Teleproduction Equipment

Can I still claim the 5% state tax exemptions for Section 6377, Manufacturing Equipment and Section 6378, Teleproduction Equipment?

No. As of January 1, 2001, the state tax exemption will be reduced to $4\frac{3}{4}\%$. If you sell qualified property to holders of these certificates on or after January 1, 2001, you should only exempt $4\frac{3}{4}\%$ percent of the purchase from tax even if the certificate states the purchaser is exempt from 5 percent of the sales and use tax.

For Assistance

If you have questions about the tax rate change, or need help computing any adjusted amounts on your return, please call our Information Center at 1-800-400-7115.

California Sales and Use Tax Rates by County Effective January 1, 2001

(includes state, local, and district taxes)

County	Tax Rate	County	Tax Rate	County	Tax Rate	County	Tax Rate
Alameda	8.00%	Kings	7.00%	Placer	7.00%	Sierra	7.00%
Alpine	7.00%	Lake ⁴	7.00%	Plumas	7.00%	Siskiyou	7.00%
Amador	7.00%	Lassen	7.00%	Riverside	7.50%	Solano	7.125%
Butte	7.00%	Los Angeles ⁵	8.00%	Sacramento	7.50%	Sonoma	7.25%
Calaveras	7.00%	Madera	7.50%	San Benito	7.00%	Stanislaus	7.125%
Colusa	7.00%	Marin	7.00%	San Bernardino	7.50%	Sutter	7.00%
Contra Costa	8.00%	Mariposa	7.50%	San Diego	7.50%	Tehama	7.00%
Del Norte	7.00%	Mendocino	7.00%	San Francisco	8.25%	Trinity	7.00%
El Dorado ¹	7.00%	Merced	7.00%	San Joaquin	7.50%	Tulare	7.00%
Fresno ²	7.625%	Modoc	7.00%	San Luis Obispo	7.00%	Tuolumne	7.00%
Glenn	7.00%	Mono	7.00%	San Mateo	8.00%	Ventura	7.00%
Humboldt	7.00%	Monterey	7.00%	Santa Barbara	7.50%	Yolo ⁷	7.00%
Imperial ³	7.50%	Napa	7.50%	Santa Clara	8.00%	Yuba	7.00%
Inyo	7.50%	Nevada ⁶	7.125%	Santa Cruz	7.75%		
Kern	7.00%	Orange	7.50%	Shasta	7.00%		

**A higher total tax rate applies within the following cities and towns,
which have special tax districts:**

1. The tax rate within the city limits of the **City of Placerville** is 7.25%.
2. The tax rate within the city limits of the **City of Clovis** is 7.925%
3. The tax rate within the city limits of the **City of Calxico** is 8.00%.
4. The tax rate within the city limits of the **City of Clearlake** is 7.50%.
5. The tax rate within the city limits of the **City of Avalon** (on Santa Catalina Island) is 8.50%.
6. The tax rate within the city limits of the **Town of Truckee** is 7.625%.
7. The tax rate within the city limits of the **City of Woodland** is 7.50%.

Do you need a copy of a tax rate chart?

Call our Information Center, 1-800-400-7115. Or visit our website, www.boe.ca.gov/streimsched.htm